

Message Text

UNCLASSIFIED

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ACTION EB-08

INFO OCT-01 EA-09 ISO-00 AID-05 CIAE-00 COME-00 FRB-01

INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06

SP-02 LAB-04 SIL-01 OMB-01 STR-04 /068 W

-----020318Z 128761 /63

R 010824Z APR 77

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 3056

INFO AMCONSUL HONG KONG

UNCLAS TAIPEI 1826

HONG KONG FOR REGIONAL TREASURY REP

E.O. 11652: N/A

TAGS: EFIN, TW

SUBJECT: REDUCTION OF BANK INTEREST RATES

REF : 76 TAIPEI 8264

1. IN A THIRD ROUND OF RATE REDUCTIONS SINCE LATE 1976, THE CENTRAL BANK OF CHINA (CBC) LOWERED ITS REDISCOUNT AND LOAN INTEREST RATES BY 0.75 PERCENT ON APRIL 1. FOREIGN EXCHANGE LOAN RATES, INCLUDING ACCOMMODATIONS FOR EXPORT FINANCING, ALSO WERE LOWERED BY 0.5 PERCENT. (THE EXPORT FINANCING RATE HAD NOT BEEN REDUCED IN THE PREVIOUS TWO ROUNDS; THE LAST TIME THIS RATE WAS CUT WAS IN NOVEMBER 1975.) CORRESPONDING REDUCTIONS HAVE BEEN MADE BY THE COMMERCIAL BANKS.

2. NEW RATES ARE AS FOLLOWS:

CATEGORY	BEFORE	AFTER
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I. ANNUAL RATES OF CBC:

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1. REDISCOUNTS 9.50 8.75

2. ACCOMMODATIONS AGAINST

SECURED LOANS 10.75 10.00

3. TEMPORARY ACCOMMODATIONS

12.75 12.00

4. ACCOMMODATIONS AGAINST

GOVERNMENT BONDS 10.75 10.00

5. ACCOMMODATIONS IN FOREIGN

CURRENCIES 9.00 8.50

6. ACCOMMODATIONS FOR EXPORT

FINANCING 6.00 5.50

II. ANNUAL RATE ON DEPOSITS IN COMMERCIAL BANKS:

1. DEMAND DEPOSITS 1.00 1.00

2. TIME DEPOSITS:

A. ONE MONTH 6.50 5.75

B. THREE MONTHS 7.25 6.50

C. SIX MONTHS 8.00 7.25

D. NINE MONTHS 8.75 8.00

E. ONE YEAR OR MORE 10.75 10.00

3. SAVINGS DEPOSITS:

A. PASSBOOK SAVINGS 6.00 5.25

B. ONE YEAR OR MORE 10.75 10.00

III. ANNUAL RATES ON COMMERCIAL BANK LOANS:

1. UNSECURED LOANS (MAX) 12.75 12.00

(MIN) 12.50 11.75

2. SECURED LOANS (MAX) 12.00 11.25

(MIN) 11.75 11.00

3. DISCOUNTS (MAX) 10.75 10.00

(MIN) 10.50 9.75

4. LOANS FOR EXPORT 7.00 6.50

3. COMMENT: THIS THIRD INTEREST RATE REDUCTION IN THE LAST SIX MONTHS IS A FURTHER EFFORT BY THE MONETARY AUTHORITIES TO EASE THE CONTINUING FINANCIAL DIFFICULTIES OF ROC
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INDUSTRY AND, HOPEFULLY, TO LIFE THE ECONOMY OUT OF THE DOLDRUMS. AS THE EMBASSY HAS PREVIOUSLY SUGGESTED, RATHER STRONG STIMULATION WILL BE NEEDED THIS YEAR IF THE PROJECTED ECONOMIC GROWTH RATE OF 8.5 PERCENT IS TO BE REALIZED. IN PARTICULAR, THE COMPARATIVELY LISTLESS RECENT PERFORMANCE OF THE EXPORT SECTOR WILL NEED TO BE CORRECTED. IN THAT CONNECTION, THE REDUCTION IN THE EXPORT LOAN RATE IS A STEP IN THE RIGHT DIRECTION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS, INTEREST RATES
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TAIPEI01826
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770113-1110
Format: TEL
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770496/aaaadgfi.tel
Line Count: 106
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Litigation Codes:
Litigation History:
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Office: ACTION EB
Original Classification: UNCLASSIFIED
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Reference: 76 TAIPEI 8264
Retention: 0
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Review Content Flags:
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Review Exemptions: n/a
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Review Release Date: n/a
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Review Withdrawn Fields: n/a
SAS ID: 2922768
Secure: OPEN
Status: NATIVE
Subject: REDUCTION OF BANK INTEREST RATES
TAGS: EFIN, TW, THE CENTRAL BANK OF CHINA
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/88908bab-c288-dd11-92da-001cc4696bcc
Review Markings:
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